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GENERAL

1. Western powers willing to convene CFM--The Department of State intends to inform the Soviet Government on 8 September that the US is willing to participate, through a qualified representative of the Secretary of State, in a Council of Foreign Ministers' (CFM) meeting on the Italian colonies. The Department's communication will express the view, however, that because of the wide four-power disagreement on the colonies, such a meeting will be useless unless the USSR substantially modifies its position.

The French Embassy in Washington has informed the Department that France is willing to participate in a CFM meeting. According to US Embassy London, Foreign Secretary Bevin has decided that the UK should express its willingness to participate also and has instructed that a note be sent to the Soviet Government.

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2. British object to review of German plant reparations policy--The Department of State has informed US Embassy London that a note has been received which expresses Foreign Secretary Bevin's "profound disturbance" over the ECA proposal to investigate further the German plants scheduled for reparations. The British consider that reduction or interruption of the present dismantling operations would: (a) jeopardize the whole reparations program; and (b) "most seriously" affect nations which are expecting German plants as reparations. The British note declares that the Soviet Government would assume the measure to be directed against them. thus making the hope of reaching general agreement more remote. The British believe that the necessity to remove war potential from German industry is increased by the possibility that Germany may eventually be allied to or occupied by the USSR. Bevin considers security to be the overriding consideration in reparations and believes that the Combined Chiefs of Staff and the French Government should be consulted before present policy is changed.

State Department review completed

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NO CHANGE in Class.

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